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## Canada

### Agricultural Situation

## This Week in Canadian Agriculture, Issue 48 2001

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#### **Report Highlights:**

"What's New, Eh?" \* Federal Budget Reiterates Commitment to Agriculture \* Milk Production up Slightly from Previous Year to 8.25 MMT \* U.S. Pesticide Manufacturer Moves Toward NAFTA Complaint \* Team Canada Trade Mission to Russia \* Ontario Allows Blended Edible Oil/dairy Products \* Food Manufacturers Want Freeze on Milk Prices \* Programs for P.E.I. Potato Farmers Could Total C\$33 Million \* Canada Concepts Marketing Workshop

...AND MORE!

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

**FEDERAL BUDGET REITERATES COMMITMENT TO AGRICULTURE:** In the Liberal government's first federal budget in nearly two years, Canada's Finance Minister reaffirmed the government's commitment to agriculture, but offered no new programs or monies. The government pledged to work with provincial governments to create a "new, integrated and financially sustainable agricultural policy". Ontario's Minister of Agriculture, Food and Rural Affairs, Brian Coburn, expressed his disappointment that the federal government did not provide more specifics. Bob Friesen, President of the Canadian Federation of Agriculture (CFA), the country's largest national farmers' organization representing over 200,000 Canadian farmers and farm families, said "We are pleased to hear (the government) recognize the work that federal and provincial governments, alongside industry, have done to develop a long-term plan for Canadian agriculture. We are pleased to see a firm commitment to this process put in writing in this federal budget. "The door is open for governments and industry to move ahead with building a new, integrated and financially sustainable agricultural policy. (However), we would have liked to hear specific mention of the drought which hit producers hard this summer," noted Friesen, who said his organization would continue to push for short-term, transitional funding.

**MILK PRODUCTION UP SLIGHTLY FROM PREVIOUS YEAR TO 8.25 MMT:** For the 12 month period ending September 30, 2001, Canadian Requirements were 45.5 million hectolitres, up 1.3% compared to the same period ending September 30, 2000 or 0.06% below the quota base of 45.56 million hectolitres, determined by the Canadian Milk Supply Management Committee (CMSMC). Total fluid milk production for calendar year is expected to be about 8.25 million metric tonnes, up one percent from 2000 levels, due to stronger demand for industrial milk. For 2002, post forecasts that fluid milk production will decrease about two percent due to a reduction in the number of cows in milk. Total cheese production for 2001 decreased by about two percent to 320,000 metric tonnes. Cheese production for 2002 is forecast to remain unchanged. For more information, see GAIN report CA1173.

**U.S. PESTICIDE MANUFACTURER MOVES TOWARD NAFTA COMPLAINT:** The U.S. speciality chemical maker, Crompton Corporation has filed a notice of intent to pursue a NAFTA Chapter 11 complaint against Canada over the Canadian government's recent ban of the agricultural pesticide lindane. The company alleges that the GOC failed to conduct an appropriate review of the chemical before banning it. Canadian action to ban lindane related to its use as a seed treatment for canola which is not permitted in the United States. Under NAFTA provisions, there is a ninety day opportunity period to resolve the issue before the company formally files its complaint.

**TEAM CANADA TRADE MISSION TO RUSSIA:** According to newswire sources, Canadian Prime Minister, Jean Chretien will lead a major trade mission to Russia in February, 2002. The Prime Minister reportedly said that despite some investment problems in the past few years, the climate for investment in Russia is much better now than it was five or 10 years ago. In 2000 total Canadian exports to Russia reached C\$200 million, mainly oil and gas equipment, building products. The leading Canadian food export to Russia was frozen pork. Total Canadian merchandise imports from Russia during 2000 were C\$666 million comprised mostly of crude oil, iron, steel, base metals, and precious metals. The leading food import from Russia was fish and seafood.

**ONTARIO ALLOWS BLENDED EDIBLE OIL/DAIRY PRODUCTS:** The Ontario government has repealed its *Edible Oil Products Act* (EOPA) which outlawed the manufacture or sale of any product that combined a vegetable oil with a dairy ingredient if the resulting food resembled a dairy product. According to the Ontario Soybean Growers (OSG), there are complete and comprehensive regulations that control the composition and labeling of dairy products. These regulations ensure that consumers will be able to tell if they are purchasing a dairy product, an edible oil product, or a blend of the two. The OSG notes that oil/dairy blended products are available in other parts of Canada. The repeal of the EOPA will allow reciprocal use by both the dairy and edible oil industries to create new products for the Ontario market.

**FOOD MANUFACTURERS WANT FREEZE ON MILK PRICES:** According to a December 12 news article from the Food and Consumer Products Manufacturers of Canada (FCPMC), Canadian food manufacturers are demanding a freeze on the price for industrial milk, used to make dairy products such as cheese, ice cream and yogurt. Last week, the industry association representing over 165 Canadian-operated member companies that manufacture and market food and consumer products participated on behalf of food manufacturers in consultations with the Canadian Dairy Commission (CDC) with regard to the annual review of industrial milk prices. The CDC usually issues a press release in mid-December if it decides that price increases are justified for butter and skim milk powder. Economic indicators and dairy industry trends suggest that a price increase cannot be supported at this time, says the group. Since 1994, the consumer price index has seen an average annual increase of 2% while the cost of industrial milk has skyrocketed by over 20%, representing a 3% average annual increase. According to estimates from the Department of Foreign Affairs and International Trade, use of imported materials for production of exported goods has increased by over 60% in the last couple of years.

**ONTARIO FUND PROMOTES MILK CONSUMPTION AND HEALTHFUL KIDS:** Students at June Avenue Public School in Guelph celebrated the delivery of their brand new fridge this week under a C\$2 million grant from the Ontario government to the Dairy Farmers of Ontario to expand the Elementary School Milk Program across the province. The Guelph school was the first school to receive a refrigerator under the new funding agreement which was announced in June 2001. The Dairy Farmers of Ontario started the Elementary School Milk Program in 1987 and partners schools with local dairies to provide cold, fresh, milk to 900,000 school children every day at lunchtime at nearly 2,500 elementary schools across Ontario. "The healthy development and well-being of children is a top priority for Ontario," said John Baird, Minister Responsible for Children. "Our (provincial) government is proud to support the Elementary School Milk Program as we recognize that children's early years set the foundation

for lifelong health, well-being and learning." Funding is under an Ontario government initiative known as the *Early Years Challenge Fund*.

**PROGRAMS FOR P.E.I. POTATO FARMERS COULD TOTAL C\$33 MILLION:**

According to P.E.I. Agriculture Minister Mitch Murphy, combined benefits from drought relief and other farm-aid programs could pay up to C\$33 million to P.E.I. potato growers this year. The 2001 P.E.I. potato crop was down 40% from a year earlier due to extremely dry conditions during the growing season (see CA1167). Available programs include crop insurance, NISA individual income-support accounts, the Canada Farm Income Program, and the Elite Seed Program. Also, Murphy claimed farmers collected C\$4.8 million this summer as a one-time payment related to the drought and to the lingering effects of the 2000 potato wart crisis. Under the NISA account, producer withdrawals are voluntary even if payouts are triggered.

**P.E.I. LEGISLATIVE COMMITTEE TO SUBPOENA INSPECTION AGENCY OVER POTATO WART:**

According to the P.E.I. *Guardian*, a provincial legislature committee will subpoena testimony from the Canadian Food Inspection Agency to complete its investigation into the outbreak of potato wart that decimated the incomes of Island farmers last year and to look for ways to improve the handling of future plant health crises in the Island's most important crop.

**EXPANDED EXPERTISE FOR DISPUTE RESOLUTION CORP:** The Fruit & Vegetable Dispute Resolution Corporation (DRC) has announced the hiring of Chuck Dentelbeck as Director of Operations. The DRC is a private, nonprofit organization of produce companies trading in the North American marketplace dedicated to providing fair, efficient, affordable and enforceable dispute resolution services. The DRC's mission is to provide the North American produce industry with policies, standards and services necessary for resolving disputes in a timely and cost effective manner. Under this system, produce firms that join the DRC adhere to a common set of trading practices and mediation and arbitration procedures. Decisions of the DRC are enforceable in the courts of the three countries. Chuck is presently the Executive Vice-President of the Ontario Produce Marketing Association (OPMA), a position he has held for the last 4 years. Prior to joining the OPMA Chuck worked for the Canadian Food Inspection Agency for 8 years in the Fresh Products Section, where he dealt with fresh fruit & vegetable inspection matters. Mr. Dentelbeck will join the DRC's CEO Stephen Whitney in January 2002. For more information on the DRC go to: [www.fdrc.com](http://www.fdrc.com)

**AGRICULTURAL INSTITUTE OF CANADA APPOINTS NEW EXECUTIVE**

**DIRECTOR:** Dr. Garth Coffin, PAg, President of the Agricultural Institute Of Canada (AIC), announced the appointment of Ms. Patty Townsend, PAg, as Executive Director of AIC effective January 2, 2002. Prior to this appointment, Ms. Townsend spent more than 15 years in communications and government relations with agricultural associations and non-governmental organizations in Ottawa most recently with Agricore Cooperative Ltd., as well as the Canadian Agrifood Trade Alliance. The AIC is the national organization promoting the profession of agrology and the science of agriculture. It serves the needs of its member organizations (9 provincial institutes of agrologists and 8 scientific and agriculture-related organizations) so that they and their 6,000 individual members can maximize their contribution to agriculture, the agri-food industry and society.

**CANADIAN FEDERATION OF AGRICULTURE WELCOMES NEWEST MEMBER:** In a December 11 press release, the Canadian Federation of Agriculture (CFA) welcomed its newest member, the Agricultural Producers Association of Saskatchewan (APAS). APAS is adding its voice to those of the 200,000 farmers and farm families represented by the CFA. APAS is a general farm organization representing farmers and ranchers in the province of Saskatchewan. The goals of APAS are to: (1) advise senior governments on needs of producers, and in return to provide them with researched information on programs and policy that is acceptable to producers and responsible to other Canadians; (2) play a role in making decisions affecting local communities, natural habitat, farm families and farm businesses, and; (3) educate consumers regarding production, production practices and the producer's need for a larger share of the consumer's food dollar. As a formality, and in accordance with CFA by-laws, APAS' membership will be voted on at the next CFA Board of Directors meeting.

**ONTARIO OAT & BARLEY COUNCIL BEING FORMED:** According to the December 12 edition of *AgriLine Daily*, the Ontario Oat and Barley Council is being formed to promote more local production and use. Quaker Oats Co., which had been bringing oat groats into its Peterborough plant from Iowa, has been buying local oats since re-opening milling operation in April.

**CANADA CONCEPTS MARKETING WORKSHOP:** Invitations have gone out to USDA Cooperators and their Canadian marketing representatives; State Regional marketing groups; State Departments of Agriculture marketing representatives; and representatives from State offices located in Canada to attend the fourth annual CANADA CONCEPTS MARKETING WORKSHOP which will take place January 30, 2002 in conjunction with the Canadian Produce Marketing Association Trade Show and Convention at the Metro Toronto Convention Center, Toronto Ontario. The workshop purpose is to identify constraints U.S. exporters face in exporting to Canada and to identify opportunities and ideas for activities in which two or more organizations can work jointly to enhance their marketing dollar and increase the impact on the Canadian market. If representatives of any of the mentioned organizations or FAS Washington staff wish to attend, please contact Marilyn Bailey, Marketing Specialist, AgOttawa at [baileym@fas.usda.gov](mailto:baileym@fas.usda.gov) or at telephone: 613-688-5266.

**Did You Know...** that Canada's main Christmas tree producing regions are Quebec (32 per cent), Nova Scotia (30 per cent), Ontario (18 per cent) and New Brunswick (11 per cent). Source: AAFC

**Recent Reports from FAS/Ottawa:**

Report Number	Title of Report	Date
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CA1168	Cuban Quarantine Pest List	12/04/2001
CA1169	Canada Concepts Stretches \$ for Cooperators	12/05/2001
CA1170	Soybean Production Down 41% from Previous Year, Says Statistics Canada	12/05/2001
CA1171	This Week in Canadian Agriculture 47	12/06/2001
CA1172	Solid Wood Products Annual Report	12/06/2001
CA1173	Dairy and Products Annual Report	12/14/2001

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